

MINUTES OF THE  
BOARD OF DIRECTORS MEETING OF  
BEAVER CREEK RESORT COMPANY OF COLORADO  
July 22, 2021

A Meeting of the Board of Directors of the Beaver Creek Resort Company of Colorado, a Colorado non-profit corporation (the “Company”), was held on Thursday, July 22, 2021 via Zoom internet visual platform.

Ms. Guerriero called the meeting to order at 8:01 a.m. on the Zoom platform. Ms. Jones verified the Notice of Meeting sent and a quorum established for the purposes of the meeting. The following members of the Board of Directors were present via Zoom:

Nadia Guerriero	Tim Maher
Jeff Luker	Jim Donohue
Phil Metz	Bob Boselli
Gary Shimanowitz	Ross Bowker
Brian Nolan	

Representing the Company were Jen Brown, Managing Director, and Elizabeth Jones, Secretary.

Also in attendance:

Laura Waniuk, Karen Braden-Butz, Clint Huber, Pete Rogos, Drew Stoll and Sarah Innerarity from Beaver Creek Resort Company  
Mike Trueblood, Jerry Hensel and Koby Kenny from Village Operations  
Bill Simmons from Beaver Creek Metro District  
Steve Nusbaum from Design Review Administration  
Dave Eickholt from Beaver Creek Metro District and Beaver Creek Property Owners Association  
Bruce Kiely from Beaver Creek Property Owners Association  
Jeff Werkheiser from Vail Resorts Marketing  
John Meriggi, owner of 31 Red Spruce Lane

1. Public Comment. Mr. Kiely stated the BCPOA is working on a fire mitigation, prevention and a communications plan. He encouraged BCRC to prioritize fire mitigation and offered BCPOA’s help with communications to owners.

Mr. Meriggi stated the developer at 32 Red Spruce Lane is removing mature trees on the lot and he was concerned about the landscaping plan. Ms. Brown offered to follow up with him after the Board meeting.

Ms. Brown announced Laura Waniuk’s departure from the Company on July 22, 2021. The Board thanked her for her work, initiative and dedication especially through the pandemic year and wished her well in future.

Ms. Brown welcomed Gary Shimanowitz to the Board of Directors as the appointed Class E seat replacing Greg Willis. Mr. Shimanowitz was welcomed by all.

2. Minutes of the Beaver Creek Resort Company Board Meeting May 27, 2021 and Minutes of the Special Board Meeting June 7, 2021. Upon motion made by Mr. Bowker and seconded by Mr. Nolan, the Board unanimously approved the minutes of the Board Meeting held May 27, 2021 and Minutes of the Special Board Meeting held June 7, 2021 as presented. The minutes are attached as Exhibit A.

3. Winter Marketing Update. Mr. Werkheiser presented updates for Vail Resorts winter marketing initiatives. The brand marketing focus will maintain consistency with the existing creative platform for: 1) World's Best Luxury Family Resort; 2) the Brand Spires of Rarefied Experiences, Legendary Attention to Detail, and Perpetual Hosts; and 3) the Pillars of Guest Service. The focus of winter marketing efforts will be McCoy Park and the BC Experience. It is expected there will be an increase in visitation this ski season as a result of the McCoy Park opening.

4. Financial Report June 30, 2021. Ms. Braden-Butz reviewed the financial statements from June 30, 2021, which are attached as Exhibit B:

Year-to-Date Revenues: Through June 30th year-to-date ("YTD") revenues had a positive variance of \$5,410,104.

- YTD Civic and Lodging Civic Assessments are ahead of budget by \$1,287,506. For June, Civic and Lodging Assessments are estimated at \$433,544 compared to a budget of \$225,855. The five-year average for June from FY17-FY20 was \$234,651, resulting in June 2021 being 41% above average. YTD Mountain/Recreation Assessments are \$2,513,642, which is 36% below the budget of \$3,950,634. This is 15% below prior year YTD budget and 46% below prior year YTD actuals.
- YTD RETA had a positive variance of \$5,402,481. Real estate sales have continued to be strong with closings of \$910,955 in June, compared to the budget of \$80,664.
- Paid Parking – The paid parking capital was paid off in March. Going forward the VRI/BCRC split of 60/40 will be applied to net revenues.

Year-to-Date Expenses: Total Expenses had a positive year-to-date variance of \$1,090,738.

- Administration had a positive variance of \$25,951 with savings from the restaurant tent rental and timing of the Beaver Creek Lodge special assessment. These savings were partially offset by the added expense of COVID-19 signage for the village and the strategic planning position.
- Activities & Events had a positive variance of \$504,359. Due to Public Health orders, winter activities and activations had to be scaled back.
- Vilar contribution has a negative variance of \$553,698 due to the increase in the operating contribution approved by the Board and increased real estate sales.
- Marketing had a positive variance of \$72,475 due to: Winter Special Event Marketing savings of \$82,482; BC App Content Editor savings of \$20,882; and Free After 3 PM Parking subsidy savings of \$20,000. This savings is offset by \$50,666 summer marketing expense timing.
- Transportation operations had a positive variance of \$1,019,889. Village Connect and the Village-to-Village service had a savings in operating costs of \$482,668 and Parking Lot Service had a saving of \$206,427. In addition there was \$189,723 in bus maintenance savings. The \$51,353 positive variance in overhead is due to the year-end true-up between BCMD and BCRC.
- Property Maintenance had a negative variance of \$21,763. The variance is due to \$21,169 in escalator repairs and inspection costs; \$4,396 Village Hall dues timing; and \$29,240 for Ice Rink operations and property taxes. Expenses were offset by a \$27,429 positive variance for Management Fees and \$3,081 in Fire Pit utilities.
- Design Review Board had a negative variance of \$24,208 due to increased legal fees of \$17,183 and a Management Fee YTD increase of \$8,355 for an additional employee.
- Insurance has a positive variance of \$62,320. BCRC received a refund of \$24,391 on prior year premiums and savings on new policy year premiums of \$37,933 YTD.

Year-End Revenues: Revenues are forecast to have a positive variance of \$5,960,903.

- Civic and Lodging Civic are forecast to have a positive variance of \$1,848,771. The summer booking pace is ahead of last year but below budget. As summer travel has resumed, demand is

strong and the assumption is summer will return to normal; therefore potentially exceeding budget. Mountain/Recreation Assessments are forecast to have a negative variance of \$1,513,646.

- RETA is forecasted to have a positive variance of \$5,402,481. July RETA receipts collected thus far total \$94,525, compared to a budget of \$154,916. Currently there are 3 condos pending closing which would result in \$137,857 in RETA revenues. Additionally there are 15 condos, 2 townhomes and 10 single family homes and duplexes under contract, with an estimated RETA value of \$2,059,212. The forecast for July through September has been increased by \$300,081. Inventory levels are starting to get low especially in higher end condos and homes.

Year End Expenses: Total expenses are anticipated to have a positive variance of \$875,304 by year-end.

- Activities and Events are anticipated to have a savings of \$469,005, due to the cancellation of Winter Signature Events.
- Vilar contribution has a negative variance of \$571,516. The operating contribution's negative variance is \$305,418, while the RETA contribution is forecast to have a negative variance of \$266,098.
- Transportation is expected to have a savings of \$1,051,516.
- Property Maintenance has a negative variance of \$36,442. The forecast includes maintenance projects resulting from the Board approved \$100,000 maintenance contingency. The negative variance is being offset mainly by savings in the YTD management fee.
- The remaining expenses are expected to follow closely to budget for the remainder of the year.

Capital Expenditures: \$765,963 has been spent on capital through June. Expenditures include \$260,361 on Beaver Creek Wonder; \$50,100 on the Beaver Creek App development; \$46,125 on village accent lighting, \$74,658 on fire pits, \$9,068 covered bridge furniture, \$19,725 on ice rink games, flower pots and pergola; \$20,649 on ice rink flooring for drainage; \$106,400 on public safety vehicles; \$11,886 on village security cameras and \$166,991 on escalator rebuilds. In addition the public safety vehicles received from BCMD were recorded at fair market value of \$106,400. The vehicles were transferred from BCMD at no cost to BCRC. Accounting principles require that they be recorded as assets with the offsetting account being capital contribution revenue. The year-end forecast for capital expenditures is \$875,325. Summer projects include the village lighting planning, ice rink furnishings, and escalator rebuilds.

Cash Balance: The ending cash balance for June is \$16,365,525, compared to a budgeted cash balance of \$9,316,867. \$16,355,228 is being forecast for the year-end cash balance.

5. FY22 Budget Assumptions. Ms. Braden-Butz reviewed the FY22 Budget Assumptions and recommendations of the Budget Committee. Overall, with an increase in the vaccination rate and the lifting of restrictions, the demand for travel this summer could be a record for mountain resorts and is expected to continue into the ski season. The pandemic could again affect winter travel and resort capacity; because of these uncertainties, the Board is taking a conservative approach to the FY 2022 budget. Board agreed to a conservative approach to the assessment revenue budget using the 5-year average from FY15 to FY19 (removing the effects of FY20 and FY21 on the average) and budgeting winter 21-22 revenue as 95% of this average. Board agreed to a Real Estate appreciation rate closer to the long-term average of 5%. No increases are predicted for other revenues and staff is recommending that the FY21 level of revenue remain the same in FY22. Due to unemployment and supply chain disruptions, it is expected that inflation through the first quarter of 2022 will be higher than we have seen in previous years. Even though inflation is rising it is unlikely to spiral out of control and should be closer to the Federal Reserve's target rate of 2% starting in the 2<sup>nd</sup> quarter of 2022. Board is assuming an inflation rate of 3.0% for the first half of FY22 and 2.2% for the second half. A 3% increase in wages for BCRC Administration is recommended for FY22. This is in line with previous years. Vail Resorts has increased

its minimum wage to \$15.00/hour. This increase will be reflected in the village operations budgets. Budget Committee discussed and will monitor the labor costs.

Mr. Donohue asked about Village Connect service level hours; Ms. Brown stated the Transportation Committee is analyzing the service to anticipate the service level hours next season. Hiring drivers is priority for the transportation department.

6. Fidelity Investments Account Resolution. Ms. Brown presented the staff recommendation for investing excess funds; in order to find the best investment opportunities within the investment policy guidelines, staff contracted with SRS Capital Advisors who uses Fidelity Investments to transact their trades. A resolution of the Board will allow BCRC to open an account with Fidelity. Any transaction will require approval by both Ms. Brown and Mr. Allen.

The best investment SRS was able to find that meets all of our investment policy requirements is a short term taxable bond fund through GW&K Investment Management. Given BCRC's tax-exempt status there will be no tax consequences with this fund. These are short-term bonds which reduces BCRC's risk should interest rates increase. Fees will be .06%.

With the Budget Committee's support and upon motion made by Mr. Boselli and seconded by Mr. Maher, the Board unanimously RESOLVED:

**CORPORATE RESOLUTION of  
BEAVER CREEK RESORT COMPANY OF COLORADO**

1. RESOLVED, that the individuals listed in the Personal Information section of the Brokerage Account Application for Business Registrations are, and each of them hereby is, authorized and empowered, for and on behalf of this Corporation (herein called the "Corporation"), to establish and maintain one or more accounts (which may be margin accounts) with Fidelity Brokerage Services LLC and National Financial Services LLC (herein called the "Brokers") for the purpose of purchasing, investing in, or otherwise acquiring, selling (including short-sales), possessing, transferring, exchanging, or otherwise disposing of, or turning to account of, or realizing upon, and generally dealing in and with any and all forms of securities including, but not by way of limitation, shares, stocks, bonds, debentures, notes, scrip, participation certificates, rights to subscribe, options, warrants, certificates of deposit, mortgages, evidences of indebtedness, commercial paper, certificates of indebtedness and certificates of interest of any and every kind and nature whatsoever, secured or unsecured, whether represented by trust, participating and/or other certificates or otherwise. The fullest authority at all times with respect to any such commitment or with respect to any transaction deemed by any of the said officers and/or agents to be proper in connection therewith is hereby conferred, including authority (without limiting the generality of the foregoing) to give written or oral instructions to the Brokers with respect to said transactions; to borrow money and securities and to borrow such money and securities from or through the Brokers, and to secure repayment thereof with the property of the Corporation; to bind and obligate the Corporation to and for the carrying out of any contract, arrangement, or transaction, which shall be entered into by any such officer and/or agent for and on behalf of the Corporation with or through the Brokers; to pay by checks and/or drafts drawn upon the funds of the Corporation such sums as may be necessary in connection with any of the said

accounts; (to deliver securities and contracts to the Brokers); to deliver securities to/and deposit funds with the Brokers; to order the transfer or delivery of securities to any other person whatsoever, and/or to order the transfer of record of any securities, to any name selected by any of the said officers or agents; to affix the corporate seal to any documents or securities to any name selected by any of the said officers or agents; to affix the corporate seal to any documents or agreements, or otherwise; to endorse any securities and/or contracts in order to pass title thereto; to direct the sale or exercise of any rights with respect to any securities; to sign for the Corporation all releases, powers of attorney, and/or other documents in connection with any such account, and to agree to any terms or conditions to control any such account; to direct the Brokers to surrender any securities to the proper agent or party for the purpose of effecting any exchange or conversion, or for the purpose of deposit with any protective or similar committee, or otherwise; to accept delivery of any securities; to appoint any other person or persons to do any and all things which any of the said officers and/or agents is hereby empowered to do, and generally to do and take all action necessary in connection with the account, or considered desirable by such officer and/or agent with respect thereto.

2. RESOLVED FURTHER, that the Brokers may deal with any and all of the persons directly or indirectly, by the foregoing resolution empowered, as though they were dealing with the Corporation directly.
3. RESOLVED FURTHER, that the Secretary of the Corporation be, and hereby is authorized, empowered and directed to certify, under the seal of the Corporation, or otherwise, to the Brokers:
  - (a) a true copy of these resolutions;
  - (b) specimen signatures of each and every person by these resolutions empowered;
  - (c) a certificate (which, if required by the Brokers, shall be supported by an opinion of the general counsel of the Corporation, or other counsel satisfactory to the Brokers) that the Corporation is duly organized and existing, that its charter empowers it to transact the business by these resolutions defined, and that no limitation has been imposed upon such powers by the By-Laws or otherwise.
4. RESOLVED FURTHER, that the Brokers may rely upon any certification given in accordance with these resolutions, as continuing fully effective, unless and until the Brokers shall receive due written notice of a change in or the rescission of the authority so evidenced, and the dispatch or receipt of any other form of notice shall not constitute a waiver of this provision, nor shall the fact that any person hereby empowered ceases to be an officer of the Corporation or becomes an officer under some other title, in any way affect the powers hereby conferred. The failure to supply any specimen signature shall not invalidate any transaction if the transaction is in accordance with authority actually granted.
5. RESOLVED FURTHER, that in the event of any change in the office or powers of persons hereby empowered, the Secretary shall certify such changes to the Brokers in writing to the

manner herein above provided, which notification, when received, shall be adequate both to terminate the powers of the persons theretofore authorized, and to empower the persons thereby substituted.

6. RESOLVED FURTHER, that the foregoing resolutions and the certificates actually furnished to the Brokers by the Secretary of the Corporation pursuant thereto be, and they hereby are, made irrevocable until written notice of the revocation thereof shall have been received by the Brokers.

7. Fire Mitigation Plan Update & Funding. Mr. Kenny presented the Fire Mitigation Plan along with a request of the Board for an incremental amount of \$15,000 to the FY21 budget for fire mitigation efforts.

Fire Mitigation planning and project execution follows the Beaver Creek/Bachelor Gulch/Arrowhead: Aspen Forest Sustainability Plan generated by Anchor Point Group on March 9, 2017. This provides an area-wide strategy around three key areas:

1. Public Safety- addressed defensible hazard reduction around structures and along roadways, human safety in recreational areas and firefighter access.
2. Resiliency- designed to increase the ability of the forest to adapt to changing conditions or specific events such as disease, fire or drought.
3. Recovery- focused on post-treatment phase which emphasizes seedling success and effective removal and treatment of trees and slash.

The Anchor Point Group plan notes that while HOA's in the area have been implementing good land stewardship for many years, the need for a comprehensive forest sustainability plan still exists. The plan gives guidance over a multi-year horizon with the goal of maintaining the forests for several decades. The Beaver Creek Resort Team will be partnering with associations across the Beaver Creek area including Beaver Creek Resort Company, Beaver Creek Metro District, Bachelor Gulch Village Association, Bachelor Gulch Metro District, The Arrowhead at Vail Association and Arrowhead Metro District.

Mr. Luker suggested the Regulations Committee meet to discuss possible changes to clarify and simplify the process of clearing dead trees in the Design Review Guidelines and the Construction Activity and Compliance Deposit Regulation. He suggested BCRC draft a communication to owners for tree mitigation and an outline of the process.

Upon motion made by Mr. Luker and seconded by Mr. Maher, the Board unanimously approved to increase the FY21 BCRC fire mitigation budget to \$25,000 to match the BCMD funding to perform fire mitigation work in summer 2021.

Mr. Luker suggested Mr. Kenny and BCPOA Committee get together to discuss fire mitigation efforts.

Ms. Guerriero asked how often the Fire Mitigation Study should be conducted; the plan from 2017 is still relevant according to the Fire Department. If drought or infestation changes, then the Anchor Point report could be updated in the future. Ms. Brown asked Mr. Kenny for a tiered proposal for FY22 budget recommendations to include in the budget.

8. Public Safety Reports. Mr. Kenny reported an increase in activity in June due to weddings and group events. More employees have been parking in the garages, resulting in an increase in parking warnings and boot/tow orders.

9. Design Review Reports. Mr. Nusbaum reported his department currently has 260 active projects in Beaver Creek, the highest number they've ever had. A part-time employee has been hired to help with Construction meetings.

10. New Business. Mr. Luker thanked the events team for their hard work and contributions in the last year, planning and adapting to challenges throughout the last year. He thanked Ms. Waniuk for her work and wished her well; he noted how differently the events are planned now and appreciates her contributions. Mr. Boselli thanked Ms. Waniuk on behalf of the Merchants Association. Ms. Guerriero also personally thanked Ms. Waniuk for her work for the entire organization.

11. Executive Session. Upon motion made by Mr. Nolan and seconded by Mr. Luker, the Board unanimously moved into Executive Session at 9:04 a.m.

Upon motion made by Mr. Luker and seconded by Mr. Boselli, the Board moved into regular session at 9:59 a.m.

Mr. Luker motioned to make a budget amendment for a special recognition bonus effective immediately to the events staff of \$7,000 each, less any bonus paid by Vail Resorts in the spring; seconded by Mr. Boselli, and unanimously approved.

Mr. Donohue motioned to amend the budget to authorize the staff to initiate a competitive set analysis survey this summer of an amount not to exceed \$50,000; seconded by Mr. Metz, and unanimously approved.

12. Adjourn. With no further business to come before the board and upon motion made by Mr. Donohue, seconded by Mr. Boselli and unanimously approved, the meeting adjourned at 10:02 a.m.

Respectfully submitted,

Elizabeth Jones

LIST OF EXHIBITS  
BOARD OF DIRECTORS MEETING  
BEAVER CREEK RESORT COMPANY OF COLORADO  
July 22, 2021

- A. Minutes of the BCRC Board of Directors Meeting May 27, 2021 and the Minutes of the Special Board Meeting June 7, 2021
- B. Financial Report June 30, 2021